

UNITED STATES CIVIL SERVICE COMMISSION

BULLETIN

Washington, D.C. 20415

BULLETIN NO. 250 - 7

July 2, 1976

SUBJECT: Review of Position Management and
Classification Systems

To Heads of Departments and Agencies:

Action date: Continuing, through
FY '77

In his memorandum of May 27, 1976, (Attachment 1), the President directed department and agency heads to ensure that their position management and classification systems "are operating effectively and in full compliance with applicable laws and regulations." The President's concern about optimum cost performance in government stems from three interrelated problems: the gradual rise in average grade of General Schedule employees; evidence of both overgrading and undergrading in many agencies; and repeated indications of poor work organization and under-utilization of employees in some organizations. His objectives are to assure that Federal employees are equitably and lawfully compensated; that work is organized efficiently; and that employee skills and energies are utilized to the fullest extent possible. Effective position management and classification programs are prerequisite to the achievement of these objectives.

The President has charged the Civil Service Commission with responsibility for assessing and reporting on the quality of position management and classification programs in agencies, and on actions taken by agencies to implement his improvement objectives. We will provide a report to the President at the end of Fiscal Year 1977. (See Attachment 2, June 8, 1976, letter from Civil Service Commission Chairman Robert E. Hampton, to Heads of Departments and Agencies).

Since both position management and classification normally receive extensive coverage in Commission and agency personnel management evaluations, we plan to utilize regular CSC and agency internal personnel management evaluation and reporting procedures to collect the necessary information on actions taken to implement the President's improvement directive. We shall emphasize position management and classification systems review and problem analysis in all of our FY 77 evaluations, and ask that agencies

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do the same in their ongoing internal personnel management evaluation programs. Analysis of these agency and Commission assessments and actions, combined with certain statistical data, will constitute a report to the President on the status of cost effective position management and the integrity of classification in Federal departments and agencies.

We envision this year's coordinated CSC-agency review process as follows. Agencies will, on their own initiative, undertake:

- Sufficient disciplined examination of work organization and job classification to assess both the operational quality of their position management and classification systems and their degree of compliance with law and regulation;
- Thorough assessment of the adequacy of the agency's organization for classification including proper numbers of classifiers, degree of staff expertise, provision and adequacy of classification training;
- Special reviews of positions and organizations where there is reason to believe that overgrading, undergrading, excessive organizational fragmentation or duplication of work may exist;
- Prompt corrective action in all situations where inaccurate classification or inefficient position management are found.

Position Management Review Agenda and Report Procedures

Attachment 3 is the position management program evaluation agenda for FY '77 Commission reviews. To enable us to prepare an aggregate report for the President, we request that agencies and installations follow this agenda as much as possible for the position management review portions of internal evaluations during the coming fiscal year. Two copies of the position management portions of agency internal evaluation in installation, agency-wide, and installation self-evaluation reports, should be forwarded to the Director, Bureau of Personnel Management Evaluation (BPME), as soon as possible upon completion of on-site work. For each evaluation completed by the end of the third quarter, agencies should also submit a follow-up and impact assessment report to the Director, BPME, no later than September 10, 1977.

Additional CSC initiatives in support of the President's directive will include the following:

- A study of the causes of change in average grade. A special inquiry will be conducted during FY 77 to identify occupations and agencies which have experienced an unusual rise or fall in average grade, and to determine the causes. Agencies involved in this study will be notified before October 1, 1976.
- A study of the accuracy of position classification government-wide. We will undertake this year in all CSC-led evaluations an audit of a 1% random sample of positions. These audits will be in addition to the normal "problem seeking" audits regularly performed. We will ask agencies to do the same in their internal evaluations. Further guidance on this study will be provided by June 30, 1976.

Position management has long been a difficult area to deal with, possibly because it is largely dependent on management skill and judgment and is not rigidly governed by law and regulation. The elements of effective position management systems are described in OMB Circular A-64 and FPM chapter 312. Compliance with prescriptions in the documents must be addressed in agency internal reviews. However, it is very important that we all understand that cost effective work organization involves much more than controlling average grade and numbers of positions. As such, responsibility for position management rests largely with line managers who are intimately familiar with the nature of their work and the needs and potential of their employees.

The Civil Service Commission and agency personnel officials can and will assist agency managers at all levels in identifying and locating position management and classification deficiencies, e.g., through integrated analyses of information from employee attitude surveys, turnover studies, productivity trend data, classification surveys, etc. However, a more cost effective Federal service will be achieved only if agency managers and supervisors at all levels, across organization functions, with the assistance of personnel offices, work together to assure understanding of the precise nature of position management and classification deficiencies, and arrive at decisions which are based on the best available information on what kinds of alternative organization remedies are possible, at what prices and with what probable impact on the organization's mission and employees.

As you will note from the attached agenda, we are directing part of our review to the identification of areas in which the Civil Service Commission might provide more effective leadership to assure proper cost-effective position management throughout the Federal sector. We would especially welcome your suggestions.

This report has been cleared in accordance with FPMR 101-11.11 and assigned interagency report control number 0122-CSC-OT.

Raymond J. Gordon

THE WHITE HOUSE

WASHINGTON

May 27, 1976

MEMORANDUM FOR THE HEADS OF
DEPARTMENTS AND AGENCIES

Over the past two decades, there has been a gradual but substantial rise in the average grade of General Schedule employees. Much of this rise is due to the fact that technological changes and other factors have brought about significant shifts in the makeup of the Federal workforce. These changes are reflected by a marked increase in the proportion of technical, professional, and managerial employees in the General Schedule.

We cannot assume, however, that this is the whole explanation. Recent reviews by the Civil Service Commission, the General Accounting Office, and the Office of Management and Budget indicate that classification and position management systems are not functioning as effectively as they should in a number of Federal agencies. There is evidence of both overgrading and undergrading because positions are either improperly described or inaccurately classified. This creates a situation which is unfair to all concerned. There are also indications in several agencies of excessive organization fragmentation, duplication of work and superfluous layers of supervision.

Where work has become substantially more complex or difficult, managers have a clear obligation to make commensurate adjustments in the way work is organized and in the grades of individual jobs. At the same time, there is an equally clear responsibility to ensure that undue grade increases are not allowed to occur. Position classification is a matter of law. Government managers are required to put jobs in their proper grades and Federal employees are entitled to equitable pay. Proper position management ensures that work is organized in a cost effective manner to provide optimum development and use of people's skills and energies. When either position classification or position management is deficient the result may be an unnecessary increase in the cost of Government.

I, therefore, am calling upon you to reexamine your internal position management and classification systems to ensure they are operating effectively and in full compliance with applicable laws and regulations. Agency heads will conduct this review in a manner to be prescribed by the Civil Service Commission and will report to the Commission both the actions they have taken and the results of those actions.

At the same time, the Civil Service Commission will pursue vigorously its continuing programs for evaluating agency performance and bringing about corrective action in the areas of position management and classification. Where the Commission finds extensive overgrading, undergrading, or underutilization of personnel resources, it will bring its findings to the attention of the Agency head concerned. In addition, the Commission and the Office of Management and Budget will work with the agencies involved to correct such problems, and may prescribe special instructions where warranted.

Herold R. Ford



WASHINGTON, D.C. 20415

June 8, 1976

PERSONALLY ADDRESSED TO HEADS OF DEPARTMENTS
AND AGENCIES

In his memorandum of May 27, 1976, President Ford called upon each of us to reexamine our position management and classification systems. The President's objective is two-fold: to assure the just and lawful compensation of Federal employees, and to assure that work is organized and employee skills and energies are utilized for maximum cost performance. These processes--position management and position classification--are the very core of the Federal personnel management system. Their strength and integrity are essential to cost effective government.

Position classification is clearly defined by law and regulation. What is needed here is assurance that your agency's system is in full legal and regulatory compliance and that the management controls by which classification integrity is maintained are in place and working. Position management, though partially governed by regulation, is greatly dependent upon management skill and judgment, informed by experience and our growing knowledge of the complex forces that produce motivated employees and effective organizations. We must make certain that our work structures and organizational designs are systematically being assessed for improvement, and that the allocation of positions and deployment of people reflect the best we know about managing human resources. Success in meeting these objectives clearly depends upon the active commitment of managers at every organizational level across the planning, budget, personnel and, particularly, line functions.

Since both position management and classification are regularly reviewed in our personnel management evaluation program, we see no need for additional reporting. To assess agency progress, we shall conduct more intensive reviews of these areas this year, and ask that you do the same through your internal personnel management evaluation system. Guidance for these reviews will be issued shortly.

Your personal interest in and attention to these efforts will enable us collectively to meet the President's objectives.

Sincerely yours,

AGENDA FOR POSITION MANAGEMENT SYSTEM REVIEW

Introduction

"Position management" is the term used to describe the key management actions involved in the process of organizing work to accomplish the missions of Federal departments and agencies. It involves, essentially, the determination of the needs for positions, the determination of required skills and knowledges, and the organization, grouping, and assignment of duties and responsibilities among positions.

Position structures should be designed to utilize the most effective work processes, equipment, procedures, methods and techniques, and should reflect a keen understanding of the human factors operating in every work situation. Traditionally, concepts of cost-effective work and position design have been based largely on mechanistic models of organizations, with secondary concern for motivation and job satisfaction factors. However, in recent years, the importance of these factors has become increasingly evident. They should therefore constitute a major element of consideration in determining the cost/benefit of alternative organizational structures. For example, work structures which do not provide for career development and advancement can contribute to excessive turnover, which has many cost and productivity implications. Or, excessive organizational fragmentation, supervisory layering and duplication of work can result in under-utilization of employees, overgrading, excessive review levels and time, and reduced morale among employees, all of which are costly and counterproductive.

There are no absolute rules for managers to follow in the complex and evolving art of position management; however, there are basic system requirements for position management in government agencies which are designed to assure that work structures and organizational designs are systematically being assessed for improvement, that positions are correctly classified, and that the allocation of positions and deployment of people reflect the best that we know about managing human resources. This review is therefore directed to assessing the quality of position management systems in agencies, identifying problem areas, and prescribing appropriate corrective action.

Basic Elements of a Position Management System

The principal directives governing position management are contained in OMB Circular A-64, as amended, and FPM chapter 312. The nine basic elements of a Position Management System are the following:

1. Assignment of responsibility to managers for work organization and position management.
2. Utilization of total staff resources (budget, planning, management analysis, personnel, etc.)
3. Establishment of position authorization and employment controls.
4. Position vacancy review and control.
5. Position reclassification review.
6. Approval of organizational changes.
7. Interagency sharing of personnel resources.
8. Employment reporting system.
9. Conduct of special reviews.

Methods of Problem Identification

There are readily at hand a number of useful tools which, when used together, help to pinpoint position management problem areas:

- CSC Form 1088, Survey of Personnel Management Questionnaire: Groups of questions on this employee attitude survey focus on adequacy and quality of staffing, work allocation and skill utilization, opportunity for skills development and career advancement, work quality and organization effectiveness. Employee responses can be grouped by grade level, organization location, length of service and other factors, enabling analysis to locate and partially define problem position management areas. (The Analysis and Development Division, BPME, offers agencies CSC 1088 questionnaire processing, and percentage and percentile analysis, on a reimbursable basis).
- Turnover statistics: An analysis of turnover statistics--who is leaving, by organization location, grade and position; reasons for leaving; related staffing, training, production problems, etc.--provides good position management problem leads.
- Productivity trend data: When charted, productivity trend data readily makes visible decreases and increases in organization efficiency. When matched with work organization events, e.g., automation of a function, reorganization, management change, etc., and correlated with attitude survey results and turnover analysis, solid insights into the nature and location of position management problems can result.

- Organization charts, functional statements and position descriptions: Review of these documents can point up excessive supervisory layering, overlap of functions, and possible misclassification.
- Sick leave usage, complaints, grievances, upward mobility statistics, overtime trends, use of temporary appointments: Analyses of these types of data can, in some instances, tie in with identified position management problem areas.
- Structured classification audit sample: Based on potential problems identified through analytical activities such as those described above, an in-depth classification audit of selected organizations and groups of positions, should provide further definition of the nature and location of position management deficiencies.

{ Additional guidance on reviewing position management program operations can be found under "Planning and Organizing Work," section S2-2, book II of FPM Supplement (Internal) 273-73, Evaluating Personnel Management, pp. II-17 - II-28.

Issues for Evaluation

1. Agency response to the President's directive. The President has directed Federal agency managers to examine their internal position management and classification systems to ensure their effective operation and to assess conformance with OMB and Civil Service Commission policy and guidance.
 - How has the agency and/or installation responded to the President's directive? What review/improvement actions are planned or in effect at the installation/agency? (Include implementation time-frame.) What is the team's assessment of the adequacy of these plans, in terms of identifying problems and improving position management?
2. Compliance with system prescriptions and guidance in OMB Circular A-64 and FPM chapter 312.
 - 2-1. OMB Circular A-64 (as amended) calls for nine specific elements of position management systems.
 - To what extent does the agency/installation have the prescribed system in place. How well is each element working?
 - 2-2. FPM chapter 312 describes the goals of effective position management, and logical steps for effective systems operation, particularly in subchapter 2 and appendix 312-A (Operation MIST).

- To what extent are these guidelines operational? Cite examples.
- 2-3. Some agencies/installations have exceptionally good position management systems with published guides and other tools and documents which could serve as useful models for other agencies.
 - Does this installation/agency have published materials which might be helpful to others? If so, please send copies to CSC Clearinghouse on Productivity and Organizational Effectiveness, BPME.
- 3. Identification of Problems. If position management systems are not functioning effectively, why not? The following are among the possible problems to explore: For each of the problems defined below, please identify the most probable cause(s) and prescribe remedies (action items).
 - 3-1. Do supervisors and managers at all levels thoroughly understand the purpose and concepts of position management? How have they been advised, trained, encouraged to focus on effective position management? Are they committed to its objectives? Evidence?
 - 3-2. Are the concepts of sound position management supported but the processes for implementation inadequate (i.e., is it a techniques problem?) In what areas is implementation weak or absent?
 - 3-3. How are position management decisions made? By whom and when? (Chart the location of each key area of staff or line responsibility and typical flow of the position management decision-making process). Are there particular points in the process which impede fruitful results in achieving sound position management? Discuss.
 - 3-4. Is the personnel staff carrying out all of its position management responsibilities? What steps must be taken to improve personnel staff performance in cost-effective position management?
 - 3-5. Does the organization have a sufficient number of classifiers, adequately trained, to support personnel responsibilities in the position management system? If not, what actions are being taken to recruit and train classifiers?

- 3-6. What position management problems have been found during previous agency or CSC evaluations of classification accuracy, and what remedial actions were taken? With what results?
- 3-7. Is the Civil Service Commission doing all that it should/could to provide effective leadership in assuring strong position management programs? What specific CSC actions are needed?
- 3-8. Are current authorities adequate for personnel staffs, agency managers, and the CSC to act on position management issues? Should OMB Circular A-64 and FPM chapter 312 be revised? How? What changes are needed?
- 3-9. What does management know or attempt to learn about the cost-performance of alternative position management decisions--not just the personnel dollar cost over time, but the longer range overall organizational performance costs?
- 3-10. How do personnel people assist in looking at and identifying the long term organization benefits of various position structures and their comparative total price tags? Do they make visible these alternative position structures and their potential organization performance consequences, in a timely way? With what results?
- 3-11. Sound position management operations must be closely linked with the budget process and with overall agency planning and management. Is it? How? Results?
- 3-12. Are the concepts of organization design inappropriate or out-of-date? For example, should management pay greater attention to "quality of worklife" issues in the organization (e.g., worker autonomy, participation, equity, opportunity for development?) How? To what extent? Evidence?

Labor-Management Considerations

Agencies and activities having exclusive recognition with labor organizations should be alert to any labor-management implications involved in this review. When conducting employee attitude surveys, particular reference should be given to the Federal Labor Relations Council decision in NASA and LBJ Space Center (NASA), (FLRC No. 74A97, FLRC Rpt. No. 84).